

[12 December, 2006]

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However, the respective insurer is responsible for providing services to the policy-holders.

(d) To streamline the agents' training and examination system, IRDA has issued stringent guidelines for Insurers' Training Institutes and other Private Training Institutes.

### **Service Tax on placement services**

2183. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether placement services rendered by campus placement cells at IITs and IIMs were earlier exempted from payment of Service Tax;

(b) whether the CBDT, in pursuance of provisions in the Finance Act, 2006 has since brought these placement cells under the purview of the Act demanding payment of Service Tax at 12.2 per cent of the charges paid by the recruiting company; and

(c) whether the CBDT has left the issue of levying Service Tax on campus placement cells of IIMs and IITs to the discretion on the field formation of IT Department?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Prior to 1.6.2006, any service provided in relation to the recruitment or supply of manpower, in any manner, by a 'commercial concern' was taxable service. The Central Board of Excise and Customs (CBEC) has clarified that IITs and IIMs are not 'commercial concerns'.

(b) and (c) *Vide* Finance Act, 2006, the scope of this taxable service has been widened. With effect from 1.5.2006 such service provided by 'any person' has been made 'taxable service'. Thus, the previous clarification is no longer valid for the period from 1.5.2006 onwards, and it has been clarified to the field formations that any decision in the matter should to be taken after taking into account all material facts on case to case basis.